



Working Together for Hawaii

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Hawaii Government Employees Association
AFSCME Local 152, AFL-CIO

City Council City and County of Honolulu
Budget Committee

Testimony by
HGEA/AFSCME, Local 152, AFL-CIO
March 28, 2007

Bill 16 (2007) – Relating to Real Property Taxation

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CITY CLERK
HONOLULU, HAWAII

The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO agrees there is a need to provide property tax relief for Oahu property owners. We can support the concept of a modest one-time real property tax credit against the taxes owed for owner's home for the 2007-08 tax year provided the property was granted a home exemption. The credit must not be so large as to impose restrictions on the ability of the City and County to provide necessary services to the public.

We are very concerned about some of the other proposals before the City Council that would make permanent changes to how property taxes are calculated and collected by limiting tax increases to a specific percentage. If any of these become law, it could lead to greater than expected reductions in vital public services, including road maintenance, parks, police and fire protection.

Since property taxes remain the single most significant source of revenue for the City and County of Honolulu, we must not overreact to recent short-term changes in property tax values by endorsing permanent reductions in property taxes, which could result in public service cuts, increasing other fees, or both. It is important to remember that property tax increases and declines are cyclical.

If tax relief for low/fixed income homeowners is the goal, property tax caps are expensive and poorly targeted. A less expensive and more targeted approach is a "circuit breaker" tax credit, which provides tax breaks to low-income and elderly taxpayers for whom property taxes exceed a certain percentage of their incomes above which property taxes are considered too burdensome. Property tax relief should alleviate the tax burden for those who can least afford the property tax increase. Thank you for the opportunity to testify in support of a modest one-time real property tax credit.

Respectfully submitted,

for Nora A. Nomura
Legislative Officer